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TAGS EFIN, KTFN, ECON, IR, UK

SUBJECT: U/S JEFFERY AND A/S O'BRIEN PRESS UK ON IRANIAN

BANKS

Classified By: Richard LeBaron, DCM, for reasons 1.4 B & D

¶1. (C) SUMMARY: State Under Secretary Reuben Jeffery and Treasury Assistant Secretary Patrick O'Brien met with UK banking regulators on May 15
¶2. (U) USG officials met on May 15-16 in London to discuss the Iranian banking sector's activities in the UK. State's Under Secretary for Ecor
UK Financial Services Authority

¶3. (C) U/S Jeffery and A/S O'Brien described the progress made by the international community in putting financial pressure on those individual
¶4. (C) On the other hand, O'Brien explained that the USG is hearing from public and private sectors around the world that governments are unwi
¶5. (C) Sants assured that the FSA takes UNSCR implementation very seriously and has instituted an intense supervisory

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regime over the Iranian banks, but the FSA would need direct evidence of specific actions taken by the London-based individuals and institution

¶6. (C) Robinson explained further how the burden rests upon the bank applicant to prove it is a fit and proper entity when applying for a lice

¶7. (C) Robinson observed that Iran had been effectively cut off from both the USD and the pound sterling, and suggested that the U.S. explore
Update from HM Treasury on UK Action against Iranian banks

¶8. (C/NF) O'Brien also raised the symbolic importance of publicizing UK action on Iranian banks with HM Treasury given views heard from Gulf c

¶9. (C/NF) O'Brien urged HMG to take the most robust possible interpretation in enforcing UNSCRs 1737, 1747, and 1803's paragraph 10 which call

¶10. (C/NF) On the status of Bank Sepah, O'Brien noted that over a year has elapsed since Bank Sepah was sanctioned by
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the UN, which should be sufficient time to allow for legitimate parties to extract themselves from their business relationships. He called on t

¶11. (S/NF) HMT's Guthrie observed that the culture at FSA has changed over the past six months. FSA previously stressed their political indepe

¶12. (C) On next steps, Pickford said that one approach is to push the envelope on what HMT and FSA can do to make life difficult for the banks

U.S.-UK Proliferation Finance Dialogue

¶13. (S/NF) During the May 16 meeting on proliferation finance, both the U.S. and the UK presented briefings to ensure each side had the most r
-- Continued and regularized information-sharing between intelligence, financial and diplomatic officials; -- Cooperation in FATF, including ra

Asset Freezing

¶14. (C) Maydon explained that HMT's appeal to the High Court decision on asset-freezing would be heard in mid-June. HMT is preparing a conting

¶15. (U) This cable was cleared by U/S Jeffery and A/S

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O'Brien. Visit London's Classified Website: [http://www.intelink.sgov.gov/wiki/Portal:Unit ed_Kingdom_TUTTLE](http://www.intelink.sgov.gov/wiki/Portal:Unit_ed_Kingdom_TUTTLE)